

ENERGY EFFICIENCY PROGRAM

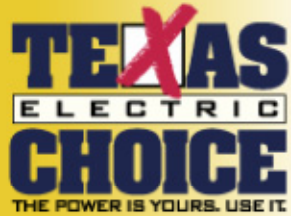
PRESENTED TO

TEXAS TECHNOLOGY SHOWCASE 2003

MARCH 17, 2003



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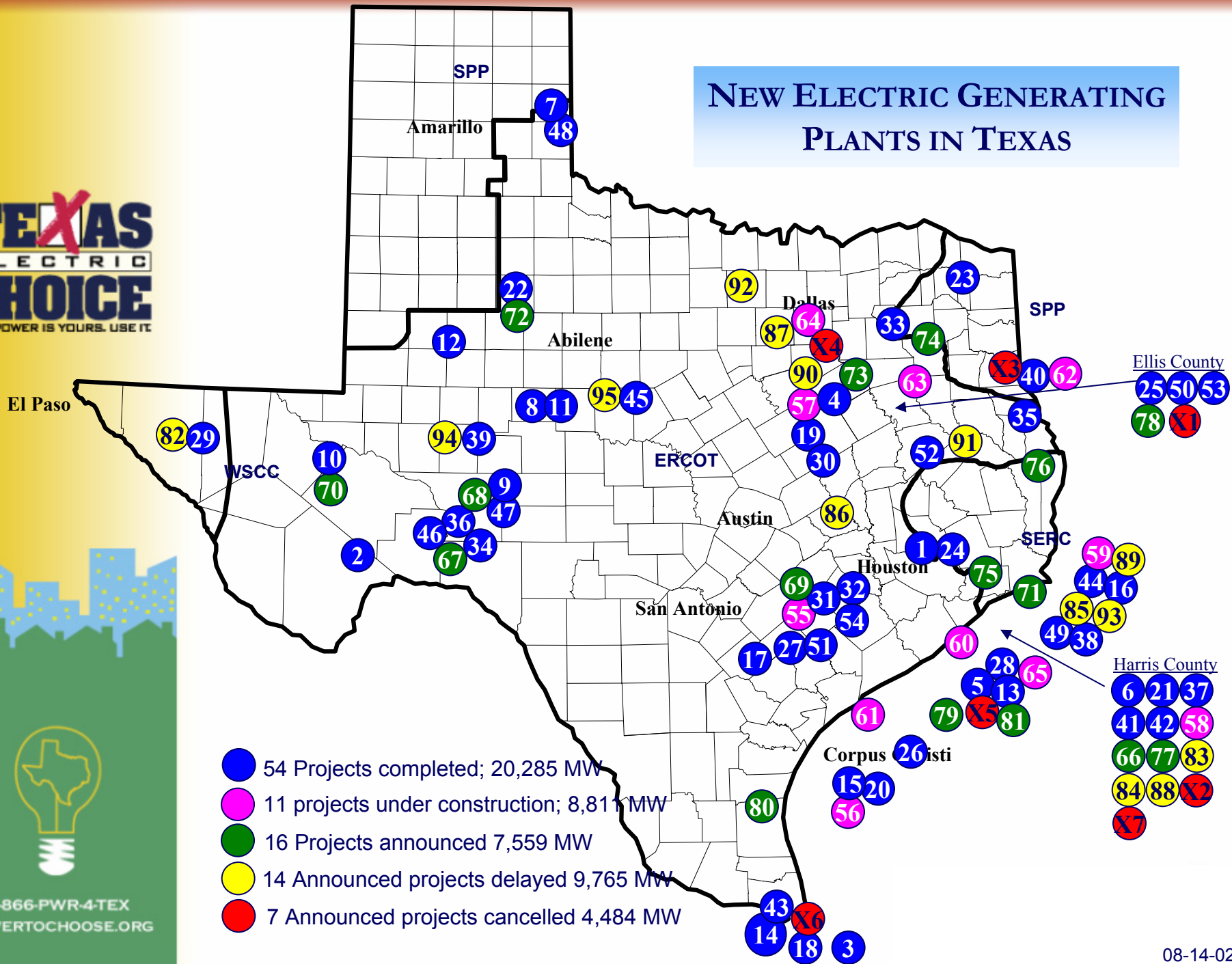
BACKGROUND

ELECTRIC EFFICIENCY PROGRAMS

- Retail competition in ERCOT began January 1, 2002 for investor-owned utilities
- Competition delayed in other areas
- Adequate supply of generating capacity
- Transmission limitations may result in regional and temporal price differences

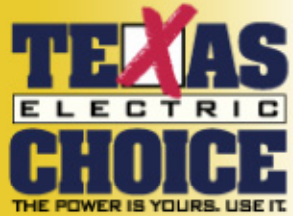


NEW ELECTRIC GENERATING PLANTS IN TEXAS



ENERGY EFFICIENCY PROGRAMS

- Senate Bill 7 (1999 session) requires **utilities to conduct** energy-efficiency programs
- Senate Bill 5 (2001 session) requires **PUC to conduct** energy-efficiency grant program



ENERGY EFFICIENCY GRANT PROGRAM

OBJECTIVE

To contribute to the reduction in air emissions, in non-attainment and affected counties, by reducing electric demand and peak loads.

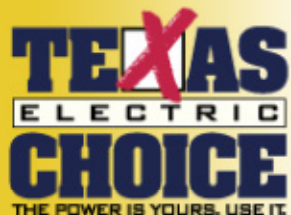


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SENATE BILL 5

ENERGY EFFICIENCY PROGRAM

- PUC grant program
- Utilities in non-attainment area and affected counties apply for grants
- Utilities may use standard offer or market transformation programs
- Funded from SB 5 revenues



ELECTRICAL UTILITY PARTICIPATION

2002

Four Proposals from Three Non-Attainment Areas

- Two Proposals Selected for Funding
- \$67,950 Commercial Lighting Entergy Proposal
- \$200,000 Load-Management Reliant Proposal

Proposed Energy Reductions

- Entergy 150 kW and 1,300,000 kWh Reductions
- Reliant 2.12 MW Peak Load Reduction



FUNDING

REVENUE	REVENUE COMMITMENTS
\$1,380,836	<p>\$215,000 administration</p> <p>\$267,950 Grant Award Commitments:</p> <ul style="list-style-type: none">▪ \$200,000 load management program (Reliant)▪ \$67,950 commercial lighting program (Entergy)

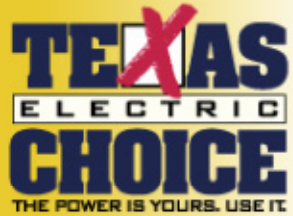


2002 Activities Summary

DATE	ACTIVITY
May 2002 – September 2002	<p>Grantees implement programs and report results</p> <p>Commission monitors, evaluates and revises program based on result of pilot program</p>
October 2002	Coordinate with TCEQ on final report to TERP Board and Legislature
Ongoing	Outreach to eligible entities
January 2003	Request for Proposals – 2 nd Grant Cycle



ESTIMATING EMISSION REDUCTIONS

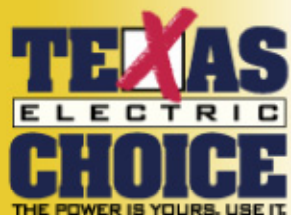


The PUC, TCEQ and the EPA developed a simplified model to estimate emissions reductions resulting from the SB 5 Energy Efficiency Grant Program and those mandated by SB 7.

It is possible that additional modeling of the impact of energy-efficiency on air emissions may be needed.



EMISSION REDUCTIONS



■ *SB 5 Results - Lights*

\$67,950

■ *1.669 tons NO_x*

Reduction

■ *Net Cost =*

\$26,574 per ton

Net Project Life =

-\$5,638 per ton

■ *Gross Cost = \$40,676
per ton*

Gross Project Life =

\$4,068 per ton

■ *SB 7 Results*

\$43,856,823

■ *415 tons NO_x*

Reduction

■ *Net Cost =*

\$92,727 per ton

Net Project Life =

\$3,196 per ton

■ *Gross Cost =*

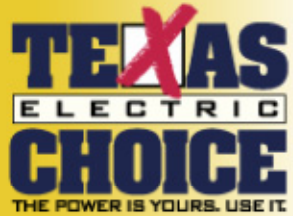
\$105,794 per ton

Gross Project Life =

\$10,579 per ton



CLEAN AIR BENEFIT



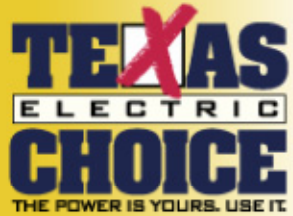
1,070 MWh Equal
1.669 tons NO_x Reduction

93 Vehicles Removed from Road
(emit 1.37 grams of NO_x per mile)

300 Newer Vehicles
(emit 0.4 grams of NO_x per mile)



CURRENT ACTIVITIES



Request for Proposals
January 2003

\$ 1.5 Million

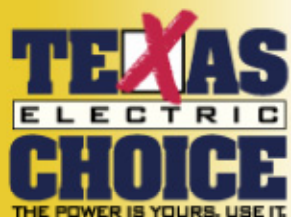


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CRITERIA FOR EVALUATION

- **Quantify Reductions of Electric Consumption and Production**
Maximum Points: 30
- **Where Programs are Offered**
Maximum Points: 15
- **Cost and Benefits**
Maximum Points: 15
- **Service Area Sources of Electricity**
Maximum Points: 20
- **Ability to Complete Project within Prescribed Timeframe**
Maximum Points: 10
- **Additional Criteria**
Maximum Points: 10





ELECTRICAL UTILITY APPLICATIONS

2003

Eight Proposals

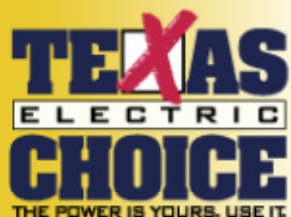
Three Non-Attainment Areas

Five Affected Areas

Proposed Energy Reductions

9,447 MWh Reductions





CONTACT INFORMATION

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